



state senator
John Waterman

2006 LEGISLATIVE UPDATE

Indiana Senate
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Indianapolis, IN 46204

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Telecom Law Could Save Money on Cable Bills

While much of the discussion in this year's session centered on physical infrastructure like roads and bridges, the General Assembly made a historic change in its unseen infrastructure. Through reforms made in House Enrolled Act 1279, Indiana could see lower cable prices, increased competition and a wave of investment in the state.

Experts have called HEA 1279 the most aggressive telecommunications reform in the nation and say it will likely be a model that other states are sure to follow. The bill includes several provisions designed to give Hoosiers access to the best technology at a reasonable price. It contains two major provisions:

Statewide Video Franchising - Following the model used in Texas, HEA 1279 creates a streamlined process through which video providers (such as cable companies) can enter a market and compete for customers. Known as statewide video franchising, this process will result in more video competition and lower prices for consumers. Since September, when Texas statewide franchising went into effect, more 120 franchises have been granted to competing companies.

HEA 1279 will also eliminate the virtual

monopoly cable providers currently have and give most Hoosiers a choice in video service. In February, Ball State University's Digital Policy Institute released a study saying Hoosiers could save a total of \$262 million on their cable bills annually as a result of new choices.

Telephone deregulation - A recent survey of CEOs in Site Selection Magazine showed that access to high-speed communications is the most important factor in drawing new business development to a particular state. HEA 1279 encourages telephone companies to deploy more high-speed Internet, called broadband, by gradually deregulating basic phone services if broadband is made available. Companies must be able to offer high speed Internet to 50 percent of households in any given exchange before they can raise rates in that exchange. Monthly basic rates may increase by only \$1 per year until 2009. The majority of Senate District 39 does not have broadband access, which is an inconvenience for citizens and a disadvantage when trying to recruit business to the area. This new law is beginning to bring broadband to our area already.

The new law also contains protection for low-income Hoosiers. HEA 1279 establishes the Indiana "Life Line" program that provides

discounted telephone rates to Hoosiers below 150 percent of the federal poverty level. This is a supplement to the federal program, which aids consumers with a household income below 135 percent of the federal poverty level. Consumers will also be protected through a ban on "local measured service," which is the practice of charging for local phone calls by the minute.

This legislation was a rare opportunity to create 20,000 new jobs and \$7 billion in investment in Indiana. And that is an opportunity that can't be passed up.



Senator Waterman visits with student pages on the Senate floor.



SENATOR JOHN WATERMAN

serving district 39: Clay, Greene, Knox, Daviess, Owen, Vigo and Sullivan counties

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Economic Development

Business in our Area is Growing

Bringing new jobs to our area is always a top priority of mine. As a lifelong resident of this area, I understand the importance of this issue for us and I am proud to report a number of successes in the past months.

I have worked hard to entice companies to locate in our area and we have been fortunate enough to have many companies invest or re-invest here over the past months. We have worked in conjunction with the newly created Indiana Economic Development Corporation (IEDC). The new administration has centered their ambitious economic plans around the IEDC and we have seen many of our economic initiatives pay off quickly. The IEDC has reported that 89,000 more Hoosiers were working in February 2006 than in February 2005. Below are just some of the major economic developments that we have worked hard to bring to our area since 2004.

Vigo County—Companies such as Pfizer Inc., Danisco Sweeteners, Boral Brick, Aisin Brake and Chassis, ThyssenKrupp Presta, Staples Distribution, CSN, CertainTeed and others have invested nearly \$300 million and created 977 jobs.

Daviess County—Companies such as Destination Y, Dutch Pantry LLC, Raydar, Inc., Olon Industries, Rx Rail, Inc. (JT Express) and others have invested over \$6.7 million and created 64 new jobs.

Greene County—Companies such as Metal Technologies, Kokam America and others have invested \$32.7 million and created 127 new jobs.

Knox County—Companies such as Cornflower Producer, Advance Micro Electronics, Futaba, IN, Wabash Steel, Schatt Ceran, Inc. and others have invested \$23.7 million and created 201 new jobs

Sullivan County—Companies such as Raytech Corp. and others have invested \$15.3 million and created 74 new jobs. AAC Plant Midwest is still considering investing in Sullivan County.

Owen County—Boston Scientific has invested \$8.9 million and created 23 new jobs.

TOTAL: Over \$380 million in investment and more than 1460 new jobs.

Conservative Values: Maintaining Prayer for Our State

I am proud to have co-authored Senate Resolution 3, which the Senate adopted this year. The resolution encourages clergy at the Statehouse to pray according to the dictates of their conscience, thus ensuring religious liberty. I was disappointed by the recent federal court ruling. Judge Hamilton's ruling specifically forbids the use of the name 'Jesus Christ', which places one religion over another. Our First Amendment rights protect this free speech. My Senate colleagues and I fully support the Speaker of the House in his efforts to take all legal measures to ensure that members of the clergy and others who lead either house of the General Assembly in prayer can pray according to the dictates of their conscience.

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PROPERTY TAXES:

\$100 Million in Relief

Across the state, there is a strong desire to decrease local governments' reliance on property taxes, but there is a problem. In order to eliminate more than \$5 billion in revenue, we must find a new source of funding. This year, the Senate came up with a plan that would lower property taxes and replace that lost revenue with a more equitable tax. Unfortunately, the plan did not become law.

Statistics show that Indiana ranks among the worst in the nation in reliance on property taxes to fund local government. Indiana funds 89 percent of local government with property taxes. The national average is 78 percent and falling. That makes Indiana the 15th worst property tax state in the nation.

Also, Indiana is 14th worst in the nation in reliance upon property taxes in relation to sales and income tax. Property taxes provide 37.2 percent of income from "the big three" compared to national average of 32.4 percent and falling.

Property taxes, which are levied and collected by local — not state — government, fund local entities such as schools, libraries, and fire departments. It's no secret that the property tax is often unfair. It affects seniors, small business owners and farmers more than it affects people who can afford to pay the tax. The Senate plan to permanently lower property taxes replaces the unfair property tax with a more equitable income tax.

Under the plan, local elected officials in each county would take two votes. The first, an incremental income tax increase estimated at less than one percent, would stop the growth of property taxes and freeze them at current levels. The second, an additional one percent, would actually lower property taxes by an average of 20 percent or more.

Instead of passing this long-term relief, the General Assembly this year approved \$100 million in immediate relief. This money will lower property tax increases this year, giving taxpayers a quick break. I am pleased that we were able to help Hoosiers, but I am also hopeful that long-term relief will come in the very near future.

I am glad that we were able to provide property tax relief this year. I hope, however, that next year we can implement the solution I explained here or a similar one to provide real, tangible, long-term property tax relief to Hoosiers.

MAJOR MOVES: A Major Opportunity for Indiana

For many years now, Indiana approved almost every road project that was requested. Citizens were promised the work would get done “eventually.” At this time, Indiana has over \$2.8 billion in “promised” road projects still waiting to be finished. The Major Moves legislation passed by the General Assembly was designed to eliminate that \$2.8 billion transportation budget deficiency, provide for additional projects like the completion of I-69, and enable us to live up to our name as, “The Crossroads of America.”

In my eyes, the most important part of Major Moves addressed Interstate 69. The previous timeline for extending I-69 from Indianapolis to Evansville had construction

set to begin in 2017. Under HEA 1008, work on the long-awaited interstate could start as soon as 2008 and would be completed by 2018. While I recognize many in this District are opposed to the I-69 expansion, I agree with most people that feel it is vital to the operations at Crane. It is by far the largest employer in our District, providing over 5,000 jobs to our workers. Several government contractors affiliated with Crane have surveyed the area and decided to affiliate with other military centers. Without direct Indianapolis access, I am concerned that we may continue to lose out on other opportunities or even the closure of the entire Crane facility. This area has already lost too many jobs; that would be unbearable.

I felt strongly that Major Moves could provide southern Indiana with some much needed infrastructure and jobs. During the amendment process, I was one of only five Senate Republicans who voted against the measure. A Senate committee had removed the language allowing the completion of I-69, and I wanted to be certain that our area received all of the benefits of the

bill possible. I voted in support of the measure only after the I-69 language was included.

The lease of the Indiana Toll Road (I-80) to private investors drew much attention, both praise and criticism, but I believe the benefits to our area of the state outweighed any negatives. The lease is a \$3.8 billion agreement between the state and Statewide Mobility Partners (SMP), a Spanish-Australian group that operates toll roads all over the world. That lease money, and the interest it generates, will pay for the currently undone road projects and will lead to the creation of approximately 130,000 new jobs. In addition, \$150 million will be given to counties for local road projects.



Senator Waterman discusses a bill with Senator Vic Heinold (R-Kouts).

In exchange for the up-front payment, SMP will operate and collect tolls from the Indiana Toll Road for 75 years. SMP will also make improvements to the road and fund an additional 25 state troopers and a new Indiana State Police post along the interstate. The lease and the language in HEA 1008 dictate that SMP must meet federal standards on items such as traffic flow and snow removal. Indiana also listed requirements for maintenance issues such as filling pot holes, removing dead animals and taking care of other hazards.

A third important part of the deal is the \$500 million Next Generation Trust Fund. This fund will collect interest until it reaches \$1 billion. After that, future generations may use the interest the money generates to pay for important road projects.

Having a top-tier economy requires a top-tier infrastructure. Indiana is striving to have an economy that is the envy of the nation, but we can't do it without a road system that also draws envy. Major Moves completes the goal. In short, Indiana will again be “The Crossroads of America.”

VOTER ID LAW ENSURES FAIR ELECTIONS

Elections and political representation are some of the most integral and cherished parts of the American experience. These rights define citizenship and a government of representative leaders. Therefore, it is crucial that we ensure the fairness and integrity of our elections so our constitutional rights are not threatened by those who desire to violate our election and immigration laws.

The May primary election was the first in Indiana in which voters were required to show a government-issued photo ID to vote. I supported this legislation because I feel it is a sensible step to prevent our elections from being compromised by voter fraud, an all-to-often occurrence in recent years. In our world today, there are instances of fraud and identity theft daily and IDs are required to perform the simplest of tasks. Therefore, verifying your identity when you go to the polls only makes sense. Those who commit voter fraud are criminals and undermine our constitutional right to a fair election.

Another significant threat to our constitutional rights is the number of immigrants who are violating the sanctity of our borders on a daily basis. This not only is an additional burden to our education, health care and other social service programs, but also significantly

EMINENT DOMAIN: PROTECTING HOOSIER PROPERTY OWNERS

The right to own property is fundamental to the American way of life. We are all familiar with the concept of "life, liberty, and the pursuit of happiness" set out in our Declaration of Independence. However, at the time the Declaration was issued, many Americans listed such basic God-given human rights as "life, liberty and property."

Last summer, the U.S. Supreme Court issued a ruling that threatens the right to own property. In *Kelo v. City of New London*, the court said that government may "take" private property for economic development. In other words, as then-Justice Sandra Day O'Connor wrote, "Nothing is to prevent the state from replacing any Motel 6 with a Ritz-Carlton, any home with a shopping mall, or any farm with a factory."

This lead us to pass House Enrolled Act 1010, which strengthens

impacts our political representation. The 2000 U.S. Census estimated 8 million illegal immigrants were in the United States. Each district in the U.S. Congress represents approximately 650,000 people. The 8 million illegal immigrants counted amount to 12 seats in Congress. Thus, Indiana lost a congressional seat and the Midwest lost 5 seats combined—all those seats transferring to Western and Southern states.

The loss of a congressional seat for our state is detrimental in many ways. Not only have we lost political representation in Congress, but we also lost a vote in the Electoral College. The loss of a congressional seat can potentially cost our state millions of dollars in lost projects.

Men and women in our armed forces have fought and given their lives to preserve our rights-and they continue to do so today. The least we can do is take action to make sure their efforts are backed up here at home. While we have taken action on the state level to ensure fair elections, I strongly feel that we should encourage our congressional delegation to address this problem to ensure fair representation for all Hoosiers.

property owner rights.

Perhaps most importantly, the new law requires the reason for using eminent domain be something that benefits the public. Thus, eminent domain can be used for a legitimate government purpose-but not simply to increase a local government's tax base.

The new law does several other things, including placing time restrictions on eminent domain so that property owners are not left in limbo for years at a time; requiring just compensation for Hoosier property owners; and mandating good-faith negotiations between the condemner and the property owner.

When used appropriately, eminent domain is an important tool that can help provide anything from roads to parks to schools for public use. HEA 1010 ensures that this tool is not abused at the expense of Hoosiers' right to own private property.

Indiana is a Leader in Alternative Fuel Production

In the 2005 legislative session, our Clean Indiana Energy bill put Indiana at the forefront as a leader in new fuel technology. Currently, six ethanol plants have broken ground in Indiana with another 18 on the drawing board.

I have been working diligently on this issue in the Legislature the last few years to overcome some initial resistance. It took a lot of hard work before we saw much progress, but now Indiana is becoming a leader in this new and growing industry. Other states are starting to see the benefits of investing in alternative fuels, which is why I co-authored Clean Indiana Energy II, Senate Enrolled Act 353, to ensure Indiana remains a leader in this area.

SEA 353 establishes a \$50 million tax credit, up from \$20 million, for new ethanol and/or biodiesel production facilities. Ethanol production plants cost approximately \$79 million or more to build, and the companies don't receive tax breaks until they are making a profit in our state.

Ethanol and biodiesel production has a very positive impact on Indiana farmers. Indiana is the fifth largest state in corn production and

fourth largest in soybeans. These are the two key dynamics associated with ethanol/biodiesel production. Currently, Indiana sends nearly 50 percent of corn and soybean productions out of state with no values added. This is the least profitable form of sale for farmers. It is estimated that farmers contracting with ethanol or biodiesel plants will gain an additional 5 cents to 10 cents per bushel.

SEA 353 also establishes a retail tax credit of 10 cents per gallon of E85 fuel sold to consumers, up to a maximum of \$2 million over the next two years. If retailers reach the maximum credit, then Indiana will have sold over 20 million gallons of E85 in two years. This is a great incentive for retailers to encourage consumers to purchase E85 fuels.

Indiana is on its way to becoming a leader with the number of E85 fueling stations, with additional pumps planned for the near future. Our goal is to double our current numbers for a total of 40 E85 fueling stations in the state of Indiana at the end of 2006.

This is amazing progress in such a short period of time. I am very proud of the fact that Indiana is leading the nation in this industry, and this legislation will only add to our advantage.